M. LOEB LIMITED

FORTY FIRST

ANNUAL REPORT

FISCAL YEAR ENDED JANUARY 25, 1969

FRENCH VERSION — A French copy of this Report may be obtained by writing to the Secretary of the Company at 400 Industrial Avenue, Ottawa 8, Ontario.

VERSION FRANCAISE — On peut obtenir un exemplaire français du présent Rapport annuel en s'adressant au Secrétaire de la Compagnie, 400 avenue Industrial, Ottawa 8, Ontario.

Directors' Report to the Shareholders

SALES

Sales in fiscal 1968-69 were the highest in the Company's history. Consolidated sales for the 52-week year ended January 25, 1969, amounted to $388,904,304 compared with $251,590,489 for the preceding year, an increase of $137,313,815 or 55 per cent. The increase in sales from the previous year, expressed in dollars or as a percentage, was greater than at any time since the Company's inception in 1912.

EARNINGS

For the first time since 1912, net income for the year did not exceed net income for the preceding year. Consolidated earnings before taxes amounted to $4,409,505 compared with $5,004,454 the preceding year, a decrease of $594,949 or 12 per cent. After-tax earnings amounted to $1,682,057 compared with $2,447,989, a decrease of $765,932 or 31 per cent. Earnings per share after payment of preferred dividends amounted to 51 cents per share on 2,618,535 shares outstanding compared with 80 cents on 2,616,960 shares outstanding a year earlier.

DIVIDEND PAYMENTS

Dividend payments to shareholders amounted to $868,786 compared with $735,987 in the preceding year. Of this amount, $523,822 was paid to holders of common stock compared with $390,987 in the preceding year.

U. S. OPERATIONS

The major reason for the decline in earnings was a loss on U.S. operations. A portion of this loss resulted from the opening of four corporate stores in the Chicago area late in 1968. Three of these outlets located in department stores in shopping centres did not prove successful and were closed subsequent to the fiscal year end. Increases in labour costs and write-off of certain receivables also contributed to wholesale losses in the U.S. in the final quarter of the year. While we anticipate that operating results in the U.S. will show steady improvement throughout 1969, we do not expect any material improvement in the first quarter.

CANADIAN OPERATIONS

Extremely strong competitive pressures in certain operating areas of the company and start-up expenses for new corporate stores adversely affected profit improvement in 1968. Although additional corporate stores will be opened in 1969, including three K-Mart Food Markets, they are not expected to make a significant contribution to profits in 1969. However, operations in Canadian supply depots are expected to maintain their historical growth pattern. All Canadian divisions are operating profitably and increases in both sales and earnings should be maintained throughout 1969.

RETAIL OPERATIONS

With the acquisition of Shoppers City Limited during the past fiscal year, your company became actively engaged in the operation of corporately-owned retail food stores. It is expected that six additional units will be opened this year including three K-Mart Food Stores.

Four new franchised IGA stores will be opened in the current year in Eastern and Southwestern Ontario. The Company is continuing to stress its program of expansion and remodelling of existing stores. In addition, new locations are being researched constantly. Some of the corporately-owned stores may be sold to franchised retailers if conditions warrant.

The Company is now planning the establishment of a group of franchised convenience stores under the name of "Totem". These stores will be small neighbourhood supermarkets, carrying a minimum variety of merchandise and open seven days a week from 7:00 a.m. to 7:00 p.m. This new type of convenience store has had wide acceptance in the United States and should prove a valuable addition to our franchise program.

WHOLESALE OPERATIONS

A substantial part of your company's sales are through Cash and Carry Warehouses, and to independent markets and institutional accounts. There is ample opportunity for further growth in these areas as the number of wholesale distributors decreases and more retailers seek a one-source supplier. In addition, independent retailers seeking specialized services such as store planning, advertising assistance and supervision are turning to companies like Loeb which provide services as well as goods.

PHYSICAL FACILITIES

The ever-increasing demand for the goods and services provided by the Company has made it necessary to plan for the construction of a new distribution centre in Ottawa, and land has already been purchased for this purpose. Substantial research is now being undertaken for what is hoped will be Canada's first fully-automated warehouse.

A new warehouse for Georges Painchaud Inc. of Montreal is to be constructed shortly to permit this division to handle an anticipated increase in volume, due partly to the recent acquisition of the Montreal Branch of National Drug and Chemical Company of Canada Limited.

ORGANIZATION

We mourn the loss in 1968 of Mr. Claude Robillard, who served the Company so ably as a member of the Board of Directors. Messrs. David Golden and Albert Rivers were welcomed to the Board during the year.

Mr. Morris Schachnow, General Manager of the Chicago Division, and Mr. Glen Strike, Director of Finance, U.S. Operations, have been appointed Vice Presidents of the Company.

We record with regret the untimely death of Mr. John Hugh Kane, our capable Director of Personnel, who was stricken by a fatal illness in March 1969.

FUTURE OUTLOOK

Your company expects a marked improvement in operating results in the current year and looks to the future with optimism. Operating problems in divisional units have been identified and corrective actions have been taken. Appropriate measures have also been taken to offset increased labour costs and competitive pressures at retail, and it is expected that these measures will contribute to increased sales and profits in 1969.

We express our appreciation to our valued employees, to our loyal retailers and suppliers, and to our shareholders for their support during 1968.

Respectfully submitted on behalf of the Board,

NORMAN A. LOEB, *Chairman of the Board*

BERTRAM LOEB, *President*

Auditors' Report to the Shareholders

We have examined the consolidated statement of financial position of M. Loeb Limited as at January 25, 1969 and the consolidated statements of income and retained earnings and changes in working capital for the fiscal year then ended. Our examination of the financial statements of the parent company, M. Loeb Limited, and of those subsidiaries of which we are the auditors included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances. Our reliance on the reports of the auditors of the other subsidiaries was supplemented by a review of the scope of their examinations to ascertain their compliance with generally accepted auditing standards.

In our opinion these financial statements, supplemented by the notes thereto, present fairly the financial position of the companies as at January 25, 1969 and the results of their operations and the changes in their working capital for the fiscal year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding fiscal year.

Price Waterhouse + Co

Chartered Accountants.

Ottawa
April 23rd, 1969

CONSOLIDATED STATEMENT OF

Income and Retained Earnings

FISCAL YEAR ENDED JANUARY 25, 1969
(With comparative figures for the preceding fiscal year)

	Fiscal Year Ended January 25 1969	Fiscal Year Ended January 27 1968
SALES	**$388,904,304**	$251,590,489
COSTS AND OPERATING EXPENSES		
Cost of goods sold	**355,436,352**	232,398,887
Operating expenses	**27,042,708**	13,347,301
Depreciation on fixed assets	**1,056,820**	685,154
Amortization — franchise cost and other charges	**41,940**	41,853
Debenture interest	**275,834**	114,790
Interest on mortgages, notes and contracts payable	**201,582**	
Bank interest	**803,600**	300,446
	384,858,836	246,888,431
Interest earned	**364,037**	302,396
	384,494,799	246,586,035
NET INCOME BEFORE TAXES	**4,409,505**	5,004,454
INCOME TAXES	**2,727,448**	2,548,000
	1,682,057	2,456,454
MINORITY INTEREST		8,465
NET INCOME FOR THE YEAR	**1,682,057**	2,447,989
RETAINED EARNINGS AT BEGINNING OF YEAR	**4,741,865**	3,896,099
	6,423,922	6,344,088
Amortization of cost of intangible assets of subsidiaries	**1,500,000**	866,236
	4,923,922	5,477,852
DIVIDENDS PAID — Common	**523,822**	390,987
— Preferred	**344,964**	345,000
RETAINED EARNINGS AT END OF YEAR	**$ 4,055,136**	$ 4,741,865

See explanatory notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF

Changes in Working Capital

FISCAL YEAR ENDED JANUARY 25, 1969

(With comparative figures for the preceding fiscal year)

	Fiscal Year Ended January 25 1969	Fiscal Year Ended January 27 1968
WORKING CAPITAL WAS GENERATED THROUGH		
Profitable operations	**$2,882,944**	$ 3,274,113
Sale of common stock	**18,465**	188,226
Sale of investments		284,615
Sale of fixed assets	**360,552**	131,088
Investment of minority shareholders		8,465
Recovery of special refundable tax	**16,293**	13,223
Increase in bank loans not repayable within one year	**2,588,489**	
	5,866,743	3,899,730
WORKING CAPITAL DECREASED BECAUSE OF		
Acquisition of subsidiaries	**3,045,288**	166,529
Acquisition of fixed assets	**2,300,454**	1,382,902
Reduction of bank loans not repayable within one year		74,241
Payment of common dividends	**523,822**	390,987
Payment of preferred dividends	**344,964**	345,000
Reduction of liabilities not due within one year	**614,380**	125,000
Other investments	**46,833**	
	6,875,741	2,484,659
NET INCREASE (DECREASE) IN WORKING CAPITAL	**(1,008,998)**	1,415,071
WORKING CAPITAL AT BEGINNING OF YEAR	**10,703,507**	9,288,436
WORKING CAPITAL AT END OF YEAR	**$9,694,509**	$10,703,507

Division of Sales Revenue

Cost of merchandise sold	**91.4%**	92.3%
Operating expenses (other than expenses not affecting working capital)	**6.9%**	5.3%
Net interest expense	**.2%**	.1%
Income taxes (based on taxable income)	**.7%**	1.0%
Working capital generated	**.8%**	1.3%
	100.00%	100.0%

CONSOLIDATED STATEMENT OF

Financial Position

JANUARY 25, 1969

(With comparative figures as at January 27, 1968)

	January 25 1969	January 27 1968
CURRENT ASSETS		
Cash	**$ 721,618**	$ 266,523
Accounts receivable, less allowance for doubtful accounts	**16,238,085**	11,280,592
Merchandise inventory, at cost	**20,515,920**	12,517,850
Advances for retail store development	**1,948,146**	1,736,209
Advances for shopping centre development		250,000
Prepaid expenses	**878,226**	534,906
	40,301,995	26,586,080
SPECIAL REFUNDABLE TAX	**60,035**	76,328
INVESTMENTS AND OTHER ASSETS		
Investment in National Drug and Chemical Company of Canada Limited, at cost	**2,277,626**	2,249,455
Investments and advances, at cost	**299,624**	282,209
Unamortized franchise cost and other deferred charges	**423,212**	465,152
	3,000,462	2,996,816
FIXED ASSETS		
Equipment and fixtures, at cost	**10,693,772**	5,870,481
Land and buildings, at cost	**1,171,269**	874,960
Leasehold improvements, at cost	**2,543,126**	813,835
	14,408,167	7,559,276
Accumulated depreciation	**5,922,592**	2,945,164
	8,485,575	4,614,112
INTANGIBLE ASSETS OF SUBSIDIARIES, AT COST LESS AMORTIZATION	**4,814,665**	
	$56,662,732	$34,273,336

Approved on behalf of the Board:
NORMAN A. LOEB, *Director* BERTRAM LOEB, *Director*

	January 25 1969	January 27 1968
CURRENT LIABILITIES		
Bank loans — secured	**$10,856,000**	$ 3,066,275
Accounts payable and accrued liabilities	**17,493,661**	11,645,391
Income taxes payable	**900,820**	1,045,907
Current portion of liabilities not due within one year	**1,357,005**	125,000
	30,607,486	15,882,573
LIABILITIES NOT DUE WITHIN ONE YEAR		
Bank loans — secured	**4,838,489**	2,250,000
Mortgages, notes and contracts payable	**1,143,769**	
6% notes payable (U.S. $695,800)	**747,979**	
6% subordinated debentures (U.S. $2,538,145)	**2,728,507**	
6½% sinking fund debentures — Series A	**1,500,000**	1,625,000
Note payable, June 30, 1972 (U.S. $1,000,000)	**1,075,000**	
	12,033,744	3,875,000
DEFERRED INCOME TAXES	**618,707**	443,454
SHAREHOLDERS' EQUITY		
Capital stock		
Authorized —		
6,000,000 common shares without par value		
150,000 preference shares with a par value of $50 each		
Issued and fully paid —		
2,618,535 common shares (1968 — 2,616,960)	**3,348,909**	3,330,444
119,975 preference shares (1968 — 120,000)	**5,998,750**	6,000,000
	9,347,659	9,330,444
Retained earnings	**4,055,136**	4,741,865
	13,402,795	14,072,309
	$56,662,732	$34,273,336

See explanatory notes to Consolidated Financial Statements.

Explanatory Notes

TO CONSOLIDATED FINANCIAL STATEMENTS

JANUARY 25, 1969

Principles of Consolidation

All subsidiaries of M. Loeb Limited are wholly owned. The consolidated financial statements include the accounts of all subsidiaries.

The consolidated statement of income and retained earnings includes the operating results of all subsidiaries for the full fiscal year ended January 25, 1969.

The accounts of subsidiaries in the United States and U.S. dollar obligations of the parent company have been converted to Canadian dollars on the following basis:

Current assets and all liabilities at the exchange rate prevailing at January 25, 1969.

All assets, other than current assets, at the exchange rate prevailing at the date of acquisition of the subsidiaries (January 31, 1968) or at the date the asset was acquired, if that date was later.

Income and expenses (other than depreciation expense converted at the rates applicable to the related fixed assets) at the average rate of exchange for the fiscal year ended January 25, 1969.

National Drug and Chemical Company of Canada Limited is not a subsidiary of M. Loeb Limited and the results of its operations are therefore not included in the consolidated statement of income and retained earnings. The investment in National Drug is shown in the consolidated statement of financial position at cost. Dividends of $33,093 received by M. Loeb Limited on the common and preferred shares of National Drug have been included in income for the year.

Acquisition of Subsidiaries

As at January 25, 1969, the Company owned beneficially all 400,000 outstanding shares of Shoppers City Limited which were acquired at a price of $5.50 per share pursuant to an offer to purchase made on January 12, 1968.

On January 31, 1968 the Company acquired all the outstanding common shares and 6,000 of the 16,450 preferred shares of M. Loeb Corporation from the President and principal shareholder of M. Loeb Limited for U.S. $500,001 (Canadian $542,345). Under the purchase agreement payment for an additional 10,000 preferred shares will be made in June, 1972 for U.S. $1,000,000 (Canadian $1,075,000). Under certain circumstances some of the preferred shares are to be paid for prior to that date. On January 10, 1969 the Company acquired the 450 outstanding preferred shares of M. Loeb Corporation not held by its former principal shareholder for U.S. $45,000 (Canadian $48,600).

During the year ended January 25, 1969, $1,500,000 of the intangible assets arising from the acquisition of subsidiaries was written off against retained earnings. In accordance with Company policy the balance will be written off over the next three years. The major portion of the intangible assets of subsidiaries arises from the acquisition of M. Loeb Corporation. Although this corporation had a deficit at acquisition and operated at a loss for the year ended January 25, 1969 the directors of the Company anticipate that it will contribute to consolidated earnings in future years. In this connection it should be noted that on or before June 29, 1972, the corporation is to receive from its former principal shareholder, as a capital contribution, the lesser of (a) the amount by which the consolidated net profit of the corporation and its subsidiaries for the four year period ending January 29, 1972 is less than U.S. $2,000,000 or (b) the sum of U.S. $1,200,000.

Accounts Receivable

Instalments due beyond one year included in accounts receivable as at January 25, 1969 amounted to $4,433,678 (January 27, 1968 — $3,964,232).

Investment in National Drug

As at January 25, 1969 M. Loeb Limited owned 134,200 common and 21,605 convertible preferred shares, or 31.4% of the issued and outstanding common and preferred shares of National Drug and Chemical Company of Canada Limited and had effective control of that company.

The market value of the common and convertible preferred shares as at January 25, 1969 was $11.00 and $12.25 per share respectively.

Unamortized Franchise Cost

The I.G.A. Franchise held by one subsidiary was acquired in 1959 for an outright payment of $491,649. This franchise cost is being amortized over a period of 25 years at the rate of $19,666 per annum.

Depreciation

Depreciation on fixed assets is being recorded on a straight line basis. With some minor exceptions, the rates used for the major categories of fixed assets are as follows:

Trailers and diesel tractors — $12^1/_2$% of cost per annum (rate prior to January 27, 1968 was 20%).

Other automotive equipment — 20% of cost per annum.

Warehouse and office equipment — 10% of cost per annum

Buildings — $2^1/_2$% of cost per annum

The effect of the change in the basis of recording depreciation on trailers and diesel tractors was to increase net income for the year by $87,853, of which $56,709 relates to prior years.

6% Notes Payable

These notes are payable to former stockholders of companies acquired by M. Loeb Corporation prior to that corporation becoming a subsidiary of M. Loeb Limited. The notes are due in approximately equal annual instalments on January 31 in each of the years 1969 and 1970, the 1969 instalment being classified as a current liability as at January 25, 1969.

6% Subordinated Debentures

These unsecured debentures of M. Loeb Corporation are due in five equal annual amounts beginning January 31, 1972. They are subordinate to indebtedness of that corporation to banks and other commercial lending institutions. Of the total principal amount U.S. $2,079,276 (Canadian $2,235,222) is due to the President and principal shareholder of M. Loeb Limited.

6½% Sinking Fund Debentures —Series "A"

The debentures are redeemable out of sinking fund monies at the principal amount plus a premium of 2% if redeemed before May 1, 1970, the premium thereafter decreasing $^1/_2$% each three year period to May 1, 1979. Redemption otherwise than out of sinking fund monies requires a premium double that which would be payable if redemption were out of the sinking fund. A sum sufficient to retire $125,000 principal amount of debentures is required to be set aside annually.

Discount and expenses on the issue of the debentures are being amortized over the term of the debentures.

Income Taxes

Income taxes payable by the Company are greater than would otherwise be the case because of losses incurred by certain subsidiaries which are not currently deductible for tax purposes.

The Company has continued its practice of claiming maximum allowances for income tax purposes. The resulting reduction in current income taxes payable has been included in "deferred income taxes" to be taken into earnings when allowances for income tax purposes are less than the related expenses recorded in the accounts.

Capital Stock

The $5^3/_4$% cumulative redeemable preference shares series "A" par value $50 per share, may be converted into common shares on the basis of 3 common shares for each series "A" convertible preference share, at any time on or before July 20, 1973. In the year commencing July 23, 1973 and each subsequent year the Company is obligated to purchase for cancellation an aggregate of 4,800 series "A" convertible preference shares so long as any are outstanding.

Share purchase warrants originally issued with the series "A" $6^1/_2$% sinking fund debentures entitle the holder thereof to purchase shares on the basis of 45 shares in respect of each $1,000 debenture at a price of $6.66^2/_3$ per share if exercised on or before May 1, 1971.

Of the common shares authorized and unissued as at January 25, 1969, 359,925 shares were reserved for exercise of the conversion rights attached to the series "A" preference shares, 54,540 shares were reserved for exercise of share purchase warrants originally issued with the series "A" debentures, 66,600 were reserved under an employee share option plan and 39,150 shares were reserved under the employees' stock purchase plan. As at January 25, 1969 there were 53,850 common shares under option at prices varying from $8.80 to $16.00 per share, including 17,500 shares for which options were granted during the fiscal year ended on that date.

During the year 450 shares were issued for cash to series "A" debenture holders for a total consideration of $3,000, 200 shares were issued for cash under employee options at a price of $9.45 per share for a total consideration of $1,890, 850 shares were issued for cash under the employees' stock purchase plan for a total consideration of $12,325 and 75 shares were issued on conversion of 25 preference shares, par value $1,250.

Contingent Liabilities

As at January 25, 1969 the Company was contingently liable:

In respect of trade paper under discount in the amount of $100,623.

As guarantor of bank loans and mortgages amounting to $3,420,430.

As guarantor of leases to retailers on rentals amounting to $621,619 to expiry of the leases.

In the opinion of the directors, the Company has adequate security for any liability which may develop as a result of these guarantees.

Commitments Under Long Term Leases

Under long term leases in effect as at January 25, 1969 the Company is obligated to pay annual rentals aggregating $2,585,165 for its warehouse and other facilities and annual rentals aggregating $2,411,995 for retail stores subleased to retailers for annual rentals aggregating approximately the same amount.

Directors and Senior Officers

During the fiscal year ended January 25, 1969 the aggregate direct remuneration paid or payable by the Company and its subsidiaries to all directors and senior officers as a group was $478,842.

BOARD OF DIRECTORS

NORMAN A. LOEB,* *Chairman*

DAVID A. GOLDEN, *President,*
Air Industries Association of Canada Limited

BERTRAM LOEB*

DAVID B. LOEB*

DONALD J. McDONALD,* *Executive Vice-President,*
UNAS Investments Limited, Toronto

WARD C. PITFIELD,* *President,*
Pitfield, Mackay, Ross & Company Limited

ALBERT RIVERS, *Chartered Accountant*

HYMAN SOLOWAY, Q.C., *Senior Partner,*
Soloway, Wright, Houston,
Galligan & McKimm, Ottawa

**Member of the Executive Committee*

TRANSFER AGENT AND REGISTRAR

MONTREAL TRUST COMPANY

BANKERS

THE ROYAL BANK OF CANADA

AUDITORS

PRICE WATERHOUSE & CO.
(Parent company and certain subsidiaries)

PEAT, MARWICK, MITCHELL & CO.
(All other subsidiaries)

CORPORATE OFFICERS

NORMAN A. LOEB, *Chairman of the Board*

BERTRAM LOEB, *President*

A. BOOKMAN, *Senior Vice-President,*
Wholesale Sales

JEROME J. FISCHER, *Senior Vice-President,*
General Manager, London Division

T. C. GREIG, F.C.A., *Senior Vice-President*
and Treasurer

NORMAN LESH, *Senior Vice-President, Merchandising*

DAVID B. LOEB, *Senior Vice-President and Secretary,*
General Manager, Ottawa Division

JACK RABINOVITCH, *Senior Vice-President, Operations*

JOHN McEACHRAN, *Vice-President and*
Assistant Treasurer

MORRIS SCHACHNOW, *Vice-President,*
General Manager, Chicago Division

C. GLEN STRIKE, *Vice-President and Controller*

MICHAEL TOTH, *Vice-President, Distributive Services*

DISTRIBUTION CENTRES

Amos, Quebec
Roger Baril — *Manager*

Chicago, Illinois
Morris Schachnow — *Manager*

London, Ontario
Jerome J. Fischer — *Manager*

Montreal, Quebec
Emile Gauvin — *Manager*

Norfolk, Virginia
Milton Korabov — *Manager*

Ottawa, Ontario
David B. Loeb — *Manager*

Sherbrooke, Quebec
Guy Nantais — *Manager*

Sudbury, Ontario
Murray J. Sidey — *Manager*

Washington, D.C.
Stephen B. Parkoff — *Manager*

Loeb Variety Sales Limited, Ottawa
Jack McManus — *Manager*

CASH & CARRY WAREHOUSES

Ontario

Brantford
Brockville
Chatham
Cornwall
Hamilton
Hawkesbury
London
Ottawa (3)
Pembroke
St. Catharines
Sarnia
Sault St. Marie
Sudbury
Toronto (2)
Timmins
Vanier City
Windsor

Quebec

Amos
Chomedey
Granby
Hull
Montreal (3)
Noranda
St. Jerome
Sherbrooke
Ville Jacques Cartier

U.S.A.

Hammond, Indiana
Rockford, Illinois
Washington, D.C.

AFFILIATED OPERATIONS

Allied Record Corporation
Jack Boswell — *Manager*

Brentwood Investment Corporation Limited
John McEachran — *Manager*

Capital City Transport Limited
Roger Bedard — *Manager*

Casselman Creamery Limited
Paul Levesque — *Manager*

Cloverdale Printing Company Limited
Clay McFaul — *Manager*

Shoppers City Limited
Jack Rabinovitch — *Manager*

Top Valu Gasmarts
Kenneth McCrimmon — *Manager*

The Last Ten Years

A SUMMARY OF COMPANY OPERATING RESULTS

Year	Sales	Gross Profit	Net Operating Income Before Taxes	Net Operating Income After Taxes	Working Capital Generated Through Profitable Operations*	Dividends Paid (P=Preferred)
1968-69	**$388,904,304**	**$33,467,952**	**$4,409,505**	**$1,682,057**	**$2,882,944**	**$523,822**
						344,964 (P)
1967-68	251,590,489	19,191,602	5,004,454	2,447,989	3,274,113	390,987
						345,000 (P)
1966-67	233,930,784	16,956,047	4,133,260	2,106,619	2,541,261**	257,070
						141,450 (P)
1965-66	200,102,378	13,274,968	3,813,715	1,802,361	2,314,786	253,210
1964-65	173,055,271	11,357,150	3,001,008	1,435,322	1,907,323	249,297
1963-64	140,396,914	9,461,207	2,311,364	1,094,158	1,450,243	159,716
1962-63	102,572,754	6,598,549	1,380,506	652,726	847,146	158,870
1961-62	81,648,563	5,497,956	1,193,503	577,945	582,022***	155,500
1960-61	64,040,802	4,951,343	994,203	488,403	659,028	152,160
1959	50,841,761	3,561,283	815,926	398,426	512,346	76,080

*Net operating income for the year, before depreciation, amortization and other charges not affecting working capital, after deduction of income taxes actually levied before any adjustment of deferred income taxes.

**Adjustments of prior years recorded in the year ended January 28, 1967 are not reflected in this summary, except that they have been taken into account in computing working capital generated through profitable operations.

The proceeds of a $100,000 life insurance policy and a net profit of $146,000 realized on the sale of property included in net income of the fiscal years ended January 25, 1964 and January 30, 1965, respectively, have not been reflected in this summary.

***After deduction of $463,609 representing charges of a promotion and development nature, incurred in the fiscal year ended January 13, 1962, but partly deferred in the accounts as at the year end date.

ANNUAL MEETING

The Annual Meeting of Shareholders will be held at the Head Office of the Company, 400 Industrial Avenue, Ottawa 8, Ontario at 11:00 A.M. on Friday, May 30, 1969. Shareholders are cordially invited to be present. Those unable to attend are urged to exercise their right to vote by proxy.

M. LOEB LIMITED, 400 INDUSTRIAL AVENUE, OTTAWA 8, ONTARIO, CANADA

DISTRIBUTION SPECIALISTS

Food, Tobacco Products, Drugs and General Merchandise